



August 30, 2012

To: Rockville Civic and Neighborhood Organizations

The time is coming for decisions to be made for the next allocation of Community Development Block Grant (CDBG). Citizens and organizations may voice their opinions on community needs and funding priorities at a Public Hearing to be held at 7:00 p.m. on Monday, September 24, 2012. Anyone wishing to speak at this hearing should register with the City Clerk by calling 240-314-8280 between the hours of 8:30 a.m. and 5:00 p.m. Testimony will be limited to three minutes for an individual citizen and five minutes for an association or organization.

In addition, the city is inviting proposals for use of CDBG funds for Fiscal Year 2014. Applications are available at the Department of Community Planning and Development Services. Written CDBG proposals should be submitted to the Department of Community Planning and Development Services no later than **5:00 P.M. on Wednesday, October 3, 2012**. They should be addressed to:

City of Rockville
Department of Community Planning and Development Services
Attention: CDBG Application
111 Maryland Avenue
Rockville, Maryland 20850

For a number of years the City of Rockville has received Community Development Block Grant (CDBG) funding through a Cooperation Agreement with Montgomery County. The Community Development Block Grant Program is a federal grant for housing and community development projects, which must benefit low and moderate-income persons. According to preliminary calculations, Rockville is projected to receive \$211,000 in CDBG funding for Fiscal Year 2014. Federal CDBG funds have been cut by 30% over the past two years and additional cuts to the anticipated funding level are possible. The funding awarded for Fiscal Year 2014 will be reduced in proportion to any additional cuts the County receives.

CDBG funds are used in Rockville to make improvements to our neighborhoods. They are available to finance new projects as well as to support ongoing programs, such as Rockville's Home Rehabilitation Loan and Grant Program.

The proposals will be reviewed and prioritized by City staff and forwarded, with recommendations, to the Mayor and Council for review and approval.

Attached is a fact sheet that explains the types of proposals that will be eligible or ineligible for CDBG funding for Year 39.

For further information, contact Erin Wilson at the Department of Community Planning and Development Services at 240-314-8203 or ewilson@rockvillemd.gov.

GUIDE FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROPOSALS

WHAT CDBG ACTIVITIES WILL BE FUNDED in FY 2014?

In FY 2014 the City of Rockville has prioritized CDBG funding for Low and Moderate Income Housing Activities. Activities MUST:

1. Meet the first National Objective: Benefit Low and Moderate Income Persons or Households

AND

2. Fall under one of the following two activity categories:

LMI Housing Activities - Activities undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

LMI Limited Clientele - 70% of the beneficiaries of an activity must be LMI persons.

For example, the following activities will be funded:

- Assist existing eligible homeowners with the repair, rehabilitation, or reconstruction of an owner-occupied unit.
- Acquisition and clearance of land to support the development of homeownership or rental housing for low and moderate-income persons.
- Acquisition and rehabilitation of rental housing for low and moderate income persons.
- Direct homeownership assistance, such as down payment or closing costs assistance, to help an eligible household purchase a home.
- Development of housing for homeless or formerly homeless individuals or households.

For FY 2014, the following activities will not be funded:

- Public services activities.
- Improvements to public facilities, such as neighborhood or community facilities and facilities for persons with special needs.
- Economic development activities.
- Historic preservation activities.

If you have questions about whether the activity you want to propose is eligible please contact staff of the Department of Community Planning and Development Services by contacting Erin Wilson 240-314-8203 or ewilson@rockvillemd.gov, or by **attending the pre-application meeting for potential applicants at 2:00 pm on Wednesday, September 12, 2012 at Rockville City Hall, 111 Maryland Avenue, Rockville, MD 20850.**

GENERAL BACKGROUND ON CDBG

All CDBG projects must (1) benefit low and moderate-income people and (2) prevent or eliminate slums and blight.

For an activity to meet the first national objective, or to benefit low and moderate income people, it must meet income eligibility requirements that limit the benefits of the project to low and moderate income persons or the project must be located in an area that is predominately inhabited by residents who are persons of low and moderate income. Under the regulations pertaining to the CDBG program, facilities that serve the elderly or adults with disabilities are usually considered to benefit low and moderate-income persons.

HUD INCOME LIMITS* Effective December 2011

Family Size	Low	Moderate
1	\$37,650	\$49,200
2	\$43,000	\$56,200
3	\$48,400	\$63,250
4	\$53,750	\$70,250
5	\$58,050	\$75,900
6	\$62,350	\$81,500
7	\$66,650	\$87,150
8	\$70,950	\$92,750

* All income figures have been rounded off to the nearest \$50.

For an activity to meet the second national objective, the removal of blight, it must be designed to address the conditions causing the slums and blight. Generally, the City determines areas of slums or blight, although activities designed to remove a specific blighting condition can be considered. Historic preservation activities can also be funded under this objective.

The third national objective is to meet an urgent community need. In order to meet that objective, it must be demonstrated that the project will address an immediate threat to the health or welfare of the community such as a natural disaster. The third national objective addresses a very narrow range of activities and is rarely used.

Activities that do not meet one of the national objectives cannot be undertaken with CDBG funds.

Block Grant funds can be used for the following:

- To buy property for public uses (recreation, public facilities, historic preservation, neighborhood conservation).
- To build public facilities (roads, curbs, sidewalks, parks, neighborhood facilities, sewerage collection systems, water distribution systems, flood and drainage systems).
- To demolish or to rehabilitate blighted buildings.
- To provide public services.

- To remove architectural barriers for the handicapped and elderly (widen doors, install wheelchair ramps).
- To provide loans and grants to rehabilitate houses and apartments.
- To provide programs to preserve and restore public or private historic properties.
- To implement economic development activities (training programs, energy conservation programs, commercial revitalization).
- To pay for planning and administrative costs (studies, staff salaries).

Block Grant funds cannot be used for the following:

- To build facilities for the general conduct of government business.
- To purchase equipment.
- To purchase construction equipment.
- To purchase equipment, fixtures, motor vehicles, furnishings or other items that are not an integral structural fixture.
- To incur any expense associated with repairing, operating, or maintaining public facilities and services (i.e. maintenance of streets, parks, water and sewer facilities, senior centers, centers for the handicapped, parking, etc.).
- To construct new permanent residential housing except when carried out by certain agencies.
- To make income payments for housing (i.e. payments for housing maintenance, housing allowances). Mortgage subsidies are not allowed except when funded through a nonprofit organization as second trusts.
- To pay for the salaries of trainees in training programs unless the work performed in that training program serves an eligible public purpose.
- To fund active churches or church-affiliated organizations, unless a clear separation of purpose, mission and organizational relationship can be established between an active church and any ancillary buildings it may own or affiliated organizations it may set up.